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Message Text

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63
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /066 W
---------- 065094
R 222230Z AUG 75
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 7910

UNCLAS GUATEMALA 4543

E.O. 11652 NA
TAGS: BPRO, BBXK, BBSR, GT
SUBJ: EXIMBANK BANK GUARANTEE FOR SALE OF SUGAR CANE CARTS AND CANE LOADERS TO AGRICOLA BUGANZILIA, S.A. - CABSA

1. CABSA - COMPANIA AGRICOLA BUGANVILIA, S.A. WAS INCO-
PORATED IN 1974 TO OPERATE 2775 ACRE (25 CABALLERIAS) SUGAR
CANE PLANTATION, LOCATED IN LA DEMOCRACIA, DEPARTMENT OF
ESCUINTLA (PACIFIC COASTAL SLOPE). AUTHORIZED CAPITAL IS DE-
CLARED AS: US$1 MILLION; PAID IN US:0.5 MILLION; WORKING CAPITAL
US$0.5 MILLION. FIRM'S MANAGER IS MR. NICOLAS BUSTO-BROL,
49, GUATEMALAN. TRADE REFS: CANE MACHINERY & ENGINEERING CO.;
INTER-AMERICAN TRANSPORT EQUIPMENT CO. INC. FINANCIAL RE-
FERENCES: BANCO AGRICOLA MERCANTIL; BANCO DE OCCIDENTE; BANCO
DEL AGRO, S.A.; FINANCIERA GUATEMALTECA S.A. CABSA IS ALMOST
READY FOR ITS SECOND CROP WHICH IT ESTIMATES WILL REACH 81,650
SHORT TONS OF CANE. IN ADDITION, THE PLANTATION PRODUCES BASIC
CASH GRAINS, AS PROVIDED BY GUATEMALA LAW. LOCAL BANKING
SOURCES GENERALLY CEPORT SATISFACTORY EXPERIENCE CON-
SISTING EXCLUSIVELY OF A WELL MANAGED BANK ACCOUNT
AVERAGING MEDIUM FIVE FIGURES. BUGANVILIA IS CONTROLLED
40 PERCENT BY INVERSIONES DE GUATEMALA, S.A. (A HOLDING COMPANY),
20 PERCENT BY FIGSA - FINANCIERA GUATEMALTECA, S.A. (FINANCING
COMPANY), AND 40 PERCENT BY GUATEMALAN SHAREHOLDERS. ON THE SAME
PREMISES AS BUGANVILIA, A SUGAR MILL, INGENIO MAGDALENA
S.A. IS UNDER DEVELOPMENT AS A SEPARATE COMPANY.
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2. SUGARCANE PRICE LEVEL PAID TO FARMERS BY MILLS IN 1974-75 WAS ESTABLISHED BY LAW (AS RECOMMENDED EACH YEAR BY THE NATIONAL SUGAR COUNCIL COMPRISING FARMERS, INDUSTRY, AND GOVERNMENT OFFICIALS) AT $18 PER SHORT TON OF CANE ON A BASIC YIELD OF 200 POUNDS OF RAW SUGAR PER TON OF CANE. THIS PRICE WAS 59 PERCENT HIGHER THAN THE BASE PRICE OF $11.34 PAID IN 1973-74, AND IT REFLECTED HIGH WORLD MARKET PRICES WHICH, IN TURN, INFLUENCED THE BASE PRICE OF CANE. UNDER PRESENT DEMAND CONDITIONS FOR SUGAR IN THE WORLD MARKET, THE DOMESTIC INDUSTRY FORESEES A PRICE LEVEL OF $13 TO $14 PER TON OF CANE DELIVERED TO THE MILL DURING THE 1975-76 GRINDING SEASON. ELEVATED SUGAR PRICES ALSO STIMULATED INTEREST IN EXPANDED CANE PLANTING.
DURING 1974-75, THE TOTAL AREA HARVESTED FOR CENTRIFUGAL SUGAR WAS REPORTED AT 78,950 MANZANAS (EQUALS 1.72 ACRES), AN AREA INCREASE OF 9.5 PERCENT OVER THE PREVIOUS SEASON. THE SUGAR PRODUCERS ASSOCIATION'S GOAL OF 10 PERCENT ANNUAL EXPANSION HAS BEEN MET FOR THE PAST FOUR YEARS. AUGMENTED YIELDS OUT OF IMPROVED CULTURAL PRACTICES (INCLUDING THE 10 PERCENT YEARLY INCREASE COMING INTO MATURITY) REFILTED IN A 23.9 PERCENT HIGHER TONNAGE IN CANE PRODUCED IN 1974-75, ESTIMATED AT 4.4 MILLION SHORT TONS, OVER THE PRECEDING SEASON. COSTS OF INPUTS HAVE INCREASED SUBSTANTIALLY DURING THE PAST THREE YEARS, BUT, NONETHELESS, CANE PRODUCTION EXPANSION POSSI-BILITIES ON ADEQUATE LAND ARE REPORTED TO BE CONSIDERABLE BY KNOWLEDGEABLE FARMING AND MILLING ELEMENTS.
MOLASSES PRODUCTION ON 1974-75 WAS ESTIMATED AT 28.3 MILLION GALLONS WITH AN INTERNAL CONSUMPTION OF 5.7 MILLION GALLONS AND THE BALANCE EXPORTED. AT THIS TIME, FUTURE EXPORTSMARKETS FOR MAOLASSES ARE CONSIDERED FAVORABLE.

3. FIGSA - FINANCIERA GUATEMALTECA, S.A. IS A CORPORATION OPERATING AS AN INVESTMENT FIRM. IT IS CAPITALIZED AT US$7 MILLION, OF WHICH US$4 MILLION ARE REPORTED TO BE PAID IN. LOCAL BANKS CONTACTED BY THE EMBASSY LACK CURRENT EXPERIENCE ON FIGSA'S BANKING OPERATIONS.

4. INVERSIONES DE GUATEMALA, S.A. IS A HOLDING COMPANY WITH AN AUTHORIZED CAPITAL OF US$0.5 MILLION, OF WHICH US$242,540 IS PAID IN; WORKING CAPITAL IS US$115,491. FIRM DECLARED UNCLASSIFIED

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THAT IT IS TRYING TO OBTAIN GOG AUTHORIZATION TO INCREASE ITS CAPITALIZATION BY AN ADDITIONAL US$0.5 MILLION. FIRM'S MANAGER IS MR. RAMON ROZAS-SOBRINO, 45, A SPANIARD. FIRM'S DIRECT SALES OF US$222,449 REPRESENT THE SALE OF TRUCK AXLES, AS WELL AS SERVICES GRANTED BY THE FIRM, CON-SISTING OF RENTALS, CONSULTANCY, AND INSURANCE COM-MISSIONS. FINANCIAL REFERENCES: BANCO AGRICOLA MERCANTIL AND BANCO DE OCCIDENTE, BOTH IN GUATEMALA CITY. SHARE-

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HOLDERS IN THE SUBJECT FIRM ARE MEMBERS OF THE BOTRAN, ECHEVARRIA, GONZALEZ-BARRIOS AND RECINOS FAMILIES; AS WELL AS MESSERS. ROBERTO AMADO-ARRECHEA, FRANCISCO GIRON-CORDON, FEDERICO ROTTER-STWERKA, RAFAEL RIVERA-ROMERO, JORGE ASTURIAS SIERRA, AND MANUEL FERNANDEZ-ESCOBAR. LOCAL BANKING SOURCES CONSIDER THE FIRM GOOD FOR A CREDIT LINE UP TO LOW 6 FIGURES.

5. INVERSIONES DE GUATEMALA, S.A. AND ITS AFFILIATED FIRMS, FIGSA - FINANCIERA GUATEMALTECA, S.A. AND ANFAL - ASOCIACION NACIONAL DE FABRICANTES DE ALCOHOLES Y LICORES (NATIONAL ASSOCIATION OF ALCOHOL AND LIQUOR PRODUCERS), CONSTITUTE AN INDUSTRIAL, TRADE AND FINANCIAL GROUP WHICH IS CONSIDERED TO BE SECOND IN SIZE ONLY TO THE CASTILLO FAMILY BLOC, THE LARGEST INDUSTRIAL GROUP IN GUATEMALA. THE FOLLOWING COMPANIES ARE CONTROLLED BY THIS GROUP IN WHICH MESSRS. BOTRAN ARE PRINCIPAL SHAREHOLDERS, AS WELL AS MAIN EXECUTIVES:
CABSA - COMPANIA AGRICOLA BUGANVILIA, S.A. (SUGAR CANE PLANTATION)
IMSA - INGENIO MAGDALENA, S.A. (SUGAR MILL)
MISSA - MIELES INDUSTRIALES DEL SUR, S.A. (MOLASSES)
DARSA - DESTILERIA DE ALCOHOLES Y RONES, S.A. (DISTILLERY)
CIMESSA - CIERRES METALICOS, S.A. (PILFERPROOF CAPS)
DIGSA - DISTILERIA INDUSTRIAL GUATEMALTECA (DISTILLERY)
CAGSA - CENTRAL ANEJADORA, S.A. (LIQUOR AGING PLANT)
ILQSA - INDUSTRIA LICORERA QUEZALTECA (RUM DISTILLERY)
ILGSA - INDUSTRIA LICORERA GUATEMALTECA (DISTILLERY)
ILESA - INDUSTRIA LICORERA EUZKADI, S.A. (RUM DISTILLERY).
LIZASA - LICORERA ZACAPANECA, S.A. (DISTILLERY) DISTRIBUIDORA GUATEMALTECA LTDS. (DISTRIBUTOR) TRANSPORTES BONANZA (TANK TRUCKS) TRANSPORTES PROVIDENCIA (TRUCKS) LEVADURAS UNIVERSAL, S.A. (YEAST) FRACCIONANMIENTOS, S.A. (REAL ESTATE)

6. MESSRS. BOTRAN ALSO HAVE AN IMPORTANT FINANCIAL INTEREST
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IN CIA. AGRICOLA INDUSTRIAL SANTA ANA, S.A., A US$4 MILLHGN SUGAR MILL LOCATED AT PLANTATION "LOS CERRITOS", DEPARTMENT OF ESCUINTLA (WTDR AVAILABLE). ALTHOUGH SANTA ANA IS REPORTED TO BE ACTIVELY PRODUCING, AN UNCONFIRMED RUMOR EXISTS TO THE EFFECT THAT IN JUNE, 1975 THE FIRM WAS INTERVENED AND A NEW MANAGER, LIC. GUILLERMO ALFONSO RODRIGUEA-SERRANO, WAS APPOINTED AS COMPTROLLER OF THE FIRM'S ACTIVITIES. THE SOURCE FOR THIS STATEMENT IS RELIABLE AND WELL KNOWN TO THE EMBASSY. HE ADDED THAT IN 1973 SANTA ANA WAS SUED BY THE EXPORT-IMPORT BANK THROUGH THE AMERICAN FOREIGN CREDIT INTERNATIONAL ASSOCIATION. ONE LOCAL BANK REPORTED HAVING DIFFICULTY IN OBTAINING PAYMENT OF LOW SIX FIGURE BANKING CREDITS GRANTED TO SANTA ANA, ALTHOUGH THE SAME BANK LATER EXTENDED CREDIT FOR AN ADDITIONAL FIGURE WHICH WILL MATURE IN 1976.

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7. IN CONCLUSION, IT IS EVIDENT THAT CABSA, INVERSIONES DE GUATEMALA AND FIGSA AND OWNERS ARE WELL REGARDED AND WELL CONNECTED IN LOCAL TRADE AND FINANCIAL CIRCLES. ON THE BASIS OF THE INFORMATION AT HAND, THE EMBASSY RECOMMENDS THE THREE FIRMS AS SUITABLE TRADE CONTACTS FOR INTERESTED U.S. FIRMS, AND SPECIFICALLY FOR THE EXIMBANK BANK GUARANTEE FOR SALE OF SUGAR CANE CARTS AND CANE LOADERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOAN GUARANTEES, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GUATEM04543
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750294-0219
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750828/aaaaaxzh.tel
Line Count: 178
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 13 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 FEB 2003 by ReddocGW>; APPROVED <17 MAR 2004 by ellisoob>
Review Markings:

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US Department of State
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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK BANK GUARANTEE FOR SALE OF SUGAR CANE CARTS AND CANE LOADERS TO AGRICOLA BUGANZILIA, S.A. - CABSA
TAGS: BPRO, EFIN, BBSR, GT, XMB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006